



Briefing Note: The Impact of Pending US Tariffs on BC Publishers

Date: February 3, 2025

Prepared for: Hon. Spencer Chandra Herbert, Minister of Tourism, Arts, Culture and Sport

The following is a brief analysis of the repercussions of US tariffs on the BC book publishing sector along with recommendations to government on proposed actions and relief measures to help protect the sector's viability in the short term and help strengthen and insulate publishers from longer-term impacts.

Overview:

Canadian publishers export between 40-50 million dollars of books to the US market each year. Historically, books have been exempted from tariffs under trade agreements due to their cultural and educational value. The introduction of a 25% US tariff represents a major policy shift with widespread consequences for supply and distribution chains, and to Canadian publishers' overall profitability.

In 2023-2024* BC Publishers exported a total of \$9,030,843 of finished products (books) into the US market, which represents 24% of total Canadian book exports. This figure underscores the impact that the proposed tariffs would have on BC publishers, some of whom sell greater numbers of their titles in the US, particularly in the Pacific Northwest region, with whom they share geographical and cultural proximity, than they do in the rest of Canada. As one member publisher expressed: "Our business would not exist without US sales."

Impact of US Tariffs on BC Publishers:

A recent industry survey indicated that a 25% punitive tariff would have a "significant" to "highly consequential" impact on 68% of our members, with BC publishers citing additional costs of goods sold, reduced profitability, and threats to their existing business models.

The key implications include:

- **Higher Costs for Publishers** – The immediate impact of the tariff will be felt on the upfront cost of goods sold incurred before any sales revenues are recouped by publishers as books are shipped into the US and warehoused in anticipation of sales.
- **Reduction of Gross Profit** – Due to the inelasticity of book pricing, retailers and booksellers cannot rely on passing the additional cost imposed by the tariff on the consumer. Even absorbing a portion of the 25% tariff will be highly consequential for publishers, who already operate on a razor-thin margin.



- **Decrease in US sales** – Canadian publishers will struggle to compete with their US counterparts on list price and sales to the US market will be severely impacted further eroding profitability
- **Threat to financial viability** – Ongoing reduced US sales and reduction in gross profit will encourage cost-cutting and retrenchment. Publishers may find that their existing business model becomes economically unviable.

Recommendations:

To counter the highly damaging impacts that US tariffs will have on the industry, BC publishers will require both immediate relief measures to help offset tariff costs and to stabilize exports, as well as long-term investment to strengthen the sector here at home, including reducing costs of printing in Canada and increasing exposure and sales of our books across the country and internationally. The following measures will enable BC publishers to weather the economic impact of tariffs in the short-term and to decrease the sector's dependency on the US market in the long-term.

For immediate implementation:

1. A \$2 million relief funding package –to help offset the tariff-related increase to cost of goods sold and to stabilize exports.
2. A \$1 million low-interest emergency loan program designed to help cover essential expenses that can't be deferred. Through this program, eligible publishers can apply for up to \$60,000 in interest-free loans, with a portion of the loan being forgivable if repaid by the deadline.
3. Ongoing efforts at the provincial and federal level to negotiate a book or cultural exemption to any across-the-board tariff.

For implementation in the next 6-12 months:

1. An increase to Creative BC's Market Expansion Funding – to help publishers diversify and develop new export markets and to become less dependent on the US. This fund currently supports publishers at a total of \$160,000/year. We recommend boosting this fund to \$500,000/year.
2. A "Print in Canada" printing incentive – printing costs are significantly higher in Canada than in the US. If the cost to print locally was made more affordable via a tax credit or government incentive, it would be a win-win for both industries and provide a more stable long-term option for BC publishers.



We recommend a total funding envelope of \$5 million over three years to implement the above recommendations with the following breakdown:

Relief Funding Package:	\$2,000,000
Emergency Loan Program:	\$980,000
Market Expansion Fund increase:	\$1,020,000 (\$340,000/year increase x 3 years)
Print in Canada Print Incentive:	\$1,000,000

Total: \$5,000,000

Books BC has worked productively with the BC government over the past five years to dispense resilience and supply chain funding to BC publishers with the support of BC Arts Council and Creative BC. We are confident that we can facilitate the administration and timely distribution of funds, ensuring that relief funds are targeted and allocated to compensate for additional export costs.

Further Background and Details:

Books are a notoriously price-sensitive good; if a book is priced at a dollar or two more than the average for its category, retailers will simply not buy it.

One member publisher explains: As an independent publisher it is already difficult to be competitive with bigger, especially multinational publishers, on list price. A tariff will require that we raise our selling prices, making our books less attractive to retailers and consumers. The alternative is to keep our prices competitive, which will drastically reduce our profitability.

BC Publishers are small-to-mid size businesses employing anywhere from 2 to 45 full-time employees. Their export figures range from \$10,000-\$50,000 to \$1-\$5 million annually. Regardless of size, book publishers will see an impact to their bottom line because of US tariffs ranging from the thousands to hundreds of thousands. US distributors will have no choice but to pass any additional costs associated with the tariffs back to publishers through chargebacks, increasing the financial strain. Managing the accounting and administration that comes with these extra expenses will drive costs even higher.

Conclusion:

BC publishers and BC books play an outsized role in highlighting the strength and distinctiveness of our culture and sharing that culture to audiences around the world.



The BC publishing industry also plays a vital role in promoting BC’s tourism sector abroad. Many of our members’ titles showcase BC’s natural beauty, outdoor adventures, and Indigenous and cultural heritage—shining a light on BC destinations, inspiring travel and cross-cultural understanding, and supporting local businesses that depend on tourism.

Without offsetting government measures, the 25% US tariff will have highly consequential impacts on the BC book publishing sector. The decline in gross margin, overall operating profit, and competitiveness in the US market will undermine BC publishers’ economic viability and threaten an industry that brings the voices of BC authors and BC books to readers around the world.

We trust the BC government will act quickly to support the small and medium-sized businesses that make up the BC publishing landscape and look forward to discussing our recommendations further at your earliest convenience.

About Books BC:

The Association of Book Publishers of British Columbia (Books BC) is the voice of BC’s book publishers and works to support the long-term health and success of book-related communities in our province. Our Association is comprised of 27 traditional-revenue-model publishers and a further 7 non-traditional-model publishers. Books BC supports the aspirations and activities of its membership through cultural, economic, and political initiatives and engages book-related communities in British Columbia, Canada, and beyond. Learn more about what we do at books.bc.ca

*Please see appendix for BC Publisher Export Figures



Appendix:

BC Publishers 2023-24 Export figures:

Country Name	Digital Sales	Finished Products	Rights	Total
US totals (CANADA)	\$ 8,422,371.51	\$ 36,808,988.78	\$ 2,475,764.00	\$ 47,707,124.29
US totals (BC)	\$ 1,648,147.87	\$ 9,030,843.65	\$ 1,512,240.51	\$ 12,191,232.03

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Orca Book Publishers Case Study:

BC Publisher Orca Book Publishers operates out of Victoria, BC and employs 45 FTE and 2 PTE. Orca distributes their own titles alongside a growing number of Canadian publishers to the US market.

US sales represent 60% of Orca's annual revenues from Orca-published titles.

In 2024 Orca shipped 377,000 units of finished books into the US. These books had a cost value (the cost assigned to each individual title) of \$631,000. Orca anticipates shipping a similar amount of product in 2025 to maintain stock levels of existing titles and to bring in newly published titles.

In Orca's case, the introduction of a 25% tariff on the cost value of 377,000 units will be an additional \$157,750 needed to be borne by either the publisher (reducing profit margins) or retailer (reducing competitiveness of pricing) and ultimately impacting publisher sales.